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Summary record of the 58th meeting
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Chairman: Mr. Abelian ..... (Armenia)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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The meeting was called to order at 10 a.m.

Agenda item 143: Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations (*continued*)

(a) Financing of the United Nations peacekeeping operations (*continued*) (A/51/967 and Corr.1–2; A/53/465, A/53/940 and A/53/944; A/C.5/52/39)

1. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) on the implementation of the reformed procedures for determining reimbursement to Member States for contingent-owned equipment (A/53/944), said that the report should be read in conjunction with the Advisory Committee's report on United Nations peacekeeping operations (A/53/940).

2. In response to the representative of Pakistan's request for clarification of the observation contained in paragraph 12 of the report of ACABQ on contingent-owned equipment, he wished to point out that the recommendation contained in paragraph 79 of the report of the Board of Auditors on United Nations peacekeeping operations (A/53/5 (Vol. II)) was similar to the recommendation contained in the report of the Phase IV Working Group on Reimbursement of Contingent-owned Equipment (A/C.5/52/39). Neither body recommended that the retroactive application of new arrangements should be terminated; both recommended that the practice should be reviewed.

3. As for the rationale for supplementing, as appropriate, United Nations in-house expertise with outside expertise in the review and assessment of the generic fair market value of equipment notwithstanding the expertise available in the Department of Peacekeeping Operations and the need to consult Member States, the current review procedure risked criticism for its lack of balance and fairness.

4. Lastly, the Special Committee on Peacekeeping Operations had noted the recommendations contained in the report of the Phase IV Working Group and had underlined the importance of their timely implementation. It might be argued that, since the General Assembly had endorsed the relevant conclusions and recommendations of the Special Committee, there was no longer any need to debate the report of the Phase IV Working Group. That report, however, had been submitted to the Fifth Committee and not to the Special Committee and account should be taken of the many instances in which the General Assembly had called on other bodies to respect the competence of ACABQ and the Fifth Committee in matters that were under the latter's purview. Accordingly, the current review by the Fifth Committee and the reports of the Secretariat and of ACABQ were consistent with General Assembly resolution 53/58, in which the Assembly had endorsed the Special Committee's recommendations and conclusions.

5. **Mr. Küntzle** (Germany), speaking on behalf of the European Union and the associated countries Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia, said that the reformed procedures had simplified the reimbursement process and provided the Organization with an essential planning and budgetary tool. While the new procedures were far superior to the old in terms of planning, monitoring and budgeting, a number of issues, including those which had been raised in paragraphs 52 and 53 of the Secretary-General's report (A/53/465) and the related comments of ACABQ, needed further consideration.

6. With regard to the retroactive implementation of the reformed procedures for determining reimbursement to Member States for contingent-owned equipment, while the issues which had been raised by the Board of Auditors deserved further scrutiny, the problems were mainly transitional and a comparative study on the financial implications would serve no useful purpose. Every effort should be made, however, to avoid double payments to troop contributors and sufficient data should be included in each report on the liquidation of peacekeeping operations to permit the impact of the retroactive application of the new arrangements to be determined, particularly in cases of overruns of mission budgets.

7. The European Union noted the comments of ACABQ on the review and assessment in the spring of 2000 of the generic fair market value of equipment. Adequate preparation of the Phase V Working Group was of critical importance and the Secretariat should therefore work hand in hand with Member States to maximize the Group's chances of success.

8. Lastly, the European Union sought information on the composition of the Headquarters Property Survey Board and on the current number of outstanding claims per peacekeeping mission and per category of claim.

9. **Ms. Duschner** (Canada), speaking also on behalf of Australia and New Zealand, said that the reformed procedures for determining reimbursement of contingent-owned equipment were an unqualified success; they would have a positive long-term impact on the conduct and management of peacekeeping operations. While the new procedures incorporated many of the principles, such as

simplicity, equity and transparency, which had been recommended by the Phase II Working Group, further refinements to some areas of the new system were still needed.

10. The three delegations were concerned that, because of the late issuance of the relevant report of ACABQ, there might not be adequate time for the substantive discussion which the item on contingent-owned equipment warranted. They were equally concerned that a piecemeal approach might be taken to a complex and technical system which had been carefully negotiated. Accordingly, they believed that it would not be fruitful to engage in a discussion of some aspects of the system but not of others. Such discussions should preferably be left to the technical experts of the Phase V Working Group. Alternatively, the Committee could adopt the recommendations of the Phase IV Working Group as a whole, although that approach would not take into account the concerns which had been raised by the Secretary-General and ACABQ.

11. With regard to the convening of the Phase V Working Group, there was need to review the rates of reimbursement and to address other issues that had arisen as the Organization gained experience in the new system. The Secretary-General should therefore begin the planning of Phase V in consultation with Member States and convene the Working Group by early 2000, as ACABQ had recommended.

12. **Mr. Sial** (Pakistan) commended the quality of the report of the Phase IV Working Group, but regretted the delay in the implementation of the reformed procedures which the General Assembly had authorized in section II of resolution 49/233 A. In that resolution, however, the General Assembly had not authorized the Secretariat to make recommendations that substantially changed the recommendations of the Working Groups. If extended to other expert bodies, such a practice would undermine the intergovernmental legislative process. In future, therefore, the Secretariat should follow the established procedure by submitting its reports to the relevant expert bodies, whose recommendations would then be considered by the intergovernmental bodies with a view to their approval.

13. The Secretariat's comments and proposals on the issue of limits to the Organization's financial liability for claims resulting from losses of contingent-owned equipment due to hostile action or forced abandonment raised serious concerns for his delegation. Troop-contributing countries responding to the Organization's call for the maintenance of international peace and security, which was the collective responsibility of Member States, could not be expected to bear unlimited liability for loss or damage to equipment. Pakistan therefore endorsed the comments contained in paragraphs 11 to 14 of the Advisory Committee's report (A/53/944).

14. The Secretariat's recommendation that a study should be carried out to determine the practicality and cost of implementing the Phase IV Working Group's proposal with regard to reimbursement to Member States for contingent-owned equipment created the impression that the Working Group had made a new recommendation which required study and examination. In fact, the Working Group had made a very simple and minor recommendation aimed at improving the current system of compensation for loss or damage to contingent-owned equipment during transportation by obviating the need for claims to be submitted for damage of less than 10 per cent of the equipment's generic fair market value.

15. On the issue of mission factors, the Phase IV Working Group had not recommended a review of such factors in the third month of a mission, as the Secretary-General had stated in paragraph 21 of his report (A/53/465). Instead, it had recommended a time limit of three months for completion of a review of mission factors for newly established missions. There would be no need for such a review if mission factors were established prior to the start of a mission. The issue of tentage and accommodation should be considered by the Phase V Working Group.

16. His delegation did not believe that it was practicable for the review of performance standards and rates of reimbursement to be included in the budgets of peacekeeping operations for the period from 2001 to 2002. It also sought clarification from the Secretariat of the additional financial responsibilities resulting from the inability to make payments for contingent-owned equipment owing to lack of funding, to which it had referred in paragraph 53 (c) of document A/53/465.

17. Lastly, his delegation endorsed the recommendation contained in paragraph 72 of the report of the Phase IV Working Group (A/C.5/52/39), since a uniform system for determining reimbursement to Member States for contingent-owned equipment would expedite the settlement of claims and result in savings for the Organization. It also endorsed the Advisory Committee's opinion that, in order to expedite the incorporation of the Working Group's recommendations and to ensure full compliance both at Headquarters and in the field with the decisions of the General Assembly, the contingent-owned equipment manual should be revised after the Phase V Working Group had completed its work.

18. **Ms. Merchant** (Norway) said that her delegation had actively participated in all the Working Groups during the process of establishing the new reimbursement system, which was a major step forward in more effective management of peacekeeping operations. However, the system needed further clarification and development. The Committee might not have adequate time to discuss the substance of all outstanding issues, while issues of a more technical nature could be dealt with better in the Phase V Working Group.

19. Her delegation would prefer to defer the item until the Phase V Working Group had concluded its work. It might be possible to adopt the report of the Phase IV Working Group as a whole, but that approach would not take into account the concerns raised by the Secretary-General and ACABQ. Finally, Norway concurred with the ACABQ recommendation that a review of reimbursement rates, procedures and standards should be undertaken in 2000.

20. **Mr. Bond** (United States of America) said that, regarding levels of reimbursement for loss or damage in cases of hostile action or forced abandonment, his delegation agreed with ACABQ that there was no case for setting a financial limit. It questioned ACABQ concurrence with the Secretary-General's proposal to limit reimbursement to the lesser of generic fair market value or the residual value of the equipment, as the new procedures did not provide for a residual value, which in any case would be impossible to determine. The purpose of the new system was to prevent such arbitrary decisions; reimbursement should be set at the generic fair market value.

21. His delegation agreed with the proposal to set a cut-off date for the implementation of the new system for current missions, and that there was no point in conducting a comparative study between the two systems retroactively.

22. Regarding tentage, his delegation believed that each case should be looked at individually. As a general rule, there would be instances where it would be more cost-effective for the United Nations to reimburse the troop-contributing country for its tentage and accommodation than to provide hard shelter. He did not understand the proposal that troop-contributing countries should be reimbursed for actual expenses between $36 and $56 after six months. Such a system was fraught with the possibility of abuse, while the current arrangement was simple and logical.

23. Finally, his delegation urged the Secretariat to start the revision of the contingent-owned equipment manual as soon as possible and looked forward to further clarification on the process of incorporating recommendations.

24. **Mr. Medili** (Director, Field Administration and Logistics Division, Department of Peacekeeping Operations) said that the Secretariat was committed to the new system, which, in addition to simplicity and standardization, provided a rapid deployment capacity. One important issue was the length of time it would take to develop and execute plans to bring all missions under the new system. In deciding a cut-off date, the main factors were the kind of equipment the United Nations itself had acquired and deployed, when it would become obsolete, what degree of obsolescence was acceptable and when the equipment would be replaced by contingent-owned equipment. As new units entered mission areas they would come under the new system, the goal being to transition to the new system as fast as possible.

25. **Mr. Yeo** (Director, Peacekeeping Financing Division, Office of Programme Planning, Budget and Accounts) said that he would provide the information on the Headquarters Property Survey Board requested by the European Union in writing in informal consultations.

Agenda item 112: Review of the efficiency of the administrative and financial functioning of the United Nations (*continued*)

Agenda item 119: Human resources management (*continued*) (A/53/849, A/53/954; A/C.5/53/CRP.2)

Management irregularities causing financial losses to the Organization

26. **Mr. Yamagiwa** (Japan) said that, as indicated by the Advisory Committee, the Secretariat should provide an update on the status of the recommendations of the Ad Hoc Intergovernmental Working Group of Experts established pursuant to General Assembly resolution 48/218 A. As to the recovery of misappropriated funds or other losses, his delegation joined the Advisory Committee in requesting information on the measures taken with respect to the suggestion by ACABQ that the feasibility of recovery from pension benefits should be explored. In that connection he noted that a staff member of UNCTAD had agreed to pay his lump-sum pension payment as partial restitution for alleged theft. Staff rule 110.3 contained a variety of disciplinary measures which could be imposed for unsatisfactory conduct. Statistics on disciplinary measures actually taken in recent years would be helpful.

27. Finally, his delegation supported the view of the Advisory Committee that further preventive measures should be taken to improve internal control and accountability, and recognized the necessity of adequate training of staff members with important financial functions.

28. **Mr. Bond** (United States of America) said that his delegation wished to emphasize the need for compliance with the rules regarding preparation of documentation; the report of ACABQ (A/53/954) should be reissued with the recommendations highlighted in bold type.

29. Turning to document A/C.5/53/CRP.2, he said that, while his delegation appreciated the efforts of the Secretariat in preparing it, the report did not fully respond to its questions. The paper seemed to say that, since OIOS had made no recommendations, the Secretariat had taken no action. With regard to paragraph 2 (e), it had been confirmed that the individual concerned had not received a promotion within the Secretariat, but had received two in other agencies. His delegation would still like to know whether OIOS agreed that the supervisor had abrogated his responsibility.

30. **Mr. Lozinsky** (Russian Federation) said that he was disappointed that no representative of the Secretariat was present in order to answer questions from delegations. He would like to know which department had prepared the conference room paper.

31. **The Chairman** said that it had been prepared by the Department of Management.

The meeting rose at 11.05 a.m.